

## FAQs – COOL Labeling Provisions Final Rule

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*Did USDA make any significant changes to the final rule from what it had proposed in March?*

- No, USDA did not make any significant changes to the rule’s requirements. USDA did, however, revise the cost-benefit analysis of those requirements.

*What are the costs of this new rule?*

As discussed in the revised cost-benefit analysis, USDA estimates total adjustment costs of \$123.3 million at the midpoint and ranging from \$53.1 million at the low end to \$192.1 million at the high end. The costs of implementing these requirements will be incurred by intermediaries (primarily packers and processors of muscle cut covered commodities) and retailers subject to requirements of mandatory COOL.

*What is commingling? Is it allowed for in the new rule?*

- The term “commingling” refers to the allowance provided in the current COOL regulations for industry to affix one label to two or more origins of meat if the origins are processed on the same production day. For example, if a slaughterhouse processes on the same production day U.S. origin (i.e., born, raised, and slaughtered in the US) and mixed origin (e.g., born in Mexico, raised and slaughtered in the US), the processor is allowed to affix the mixed origin label to all the meat produced that day.
- Removing the commingling allowance allows the labels to provide more detailed information as to the place of birth, raising, and slaughter of the animal from which the meat is derived.
- In USDA’s experience administering the COOL program, the vast majority of muscle cut covered commodities are not produced and labeled using the labeling scheme afforded by commingling.

*What will the labels look like under the final rule?*

- The rule requires COOL labels to include specific information regarding the three production steps. Thus, the “U.S.” label will state: “Born, Raised, and Slaughtered in the United States.” For meat derived from animals born outside the United States, one type of label could state: “Born in Mexico, Raised and Slaughtered in the United States.” For meat derived from animals imported for immediate slaughter, one type of label could state: “Born and Raised in Canada, Slaughtered in the United States.” Labels for imported meat are unchanged by this rule. Those labels will continue to read; “Product of [Country X].”

*When would industry need to comply with these new rules?*

- The effective date of this regulation is May 23, 2013, and the rule is mandatory as of that date.
- AMS understands that it may not be feasible for all of the affected entities to achieve 100% compliance immediately, and that some entities will need time to make the necessary changes. Therefore, during the six month period following the effective date of the regulation, AMS will conduct an industry education and outreach program concerning the provisions and requirements of this rule. AMS conducted the same six month outreach program following the 2008 Interim Final Rule and the 2009 Final Rule.

*Will there be any accommodation for those products already labeled as of May 23?*

- Yes, the rule states that the rule's requirements do not apply to muscle cut covered commodities produced or packaged before the effective date of the rule. This will allow existing stock to clear the chain of commerce, thus preventing retailer and supplier confusion, and alleviating some of the economic burden on regulated entities.

*Will industry have to destroy labels that they have already printed but not affixed to a product?*

- No. Regulated industries will be able to use their less specific labels until those labels are used up. After the 6 month education period, retailers may continue to use the older labels as long retailers provide the more specific information via other means (e.g., signage).